

BRYAN CAVE LEIGHTON PAISNER LLP

Sharon Z. Weiss (State Bar No.: 169446)

sharon.weiss@bclplaw.com

120 Broadway, Suite 300

Santa Monica, CA 90401-2386

Telephone: (310) 576-2100

Facsimile: (310) 576-2200

Olivia J. Scott (State Bar No. 329725)

olivia.scott3@bclplaw.com

1920 Main Street, Suite 1000

Irvine, CA 92614-7276

Telephone: (949) 223-7000

Facsimile: (949) 223-7100

Attorneys for Secured Creditor Azzure Capital LLC

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SANTA ANA DIVISION

In re:

The Litigation Practice Group P.C.,

Debtor.

Case No.: 8:23-bk-10571-SC

Hon. Scott C. Clarkson

Chapter 11 case

**SECURED CREDITOR AZZURE
CAPITAL LLC REPLY TO OHP-CDR,
LP AND PURCHASE CO 80, LLC
LIMITED OBJECTION TO MOTION TO
APPROVE COMPROMISE BETWEEN
TRUSTEE AND AZZURE CAPITAL,
LLC**

Date: September 13, 2023

Time: 1:30 P.M.

Place: Via Zoom and Courtroom "5C"
411 W. Fourth Street
Santa Ana, CA 92701

Secured Creditor Azzure Capital, LLC (“Azzure”) respectfully submits its *Reply to OHP-CDR, LP and PurchaseCo 80, LLC Limited Objection to Motion To Approve Compromise Between Trustee and Azzure Capital, LLC* (the “Azzure Reply” and “Opposition”, respectfully), as follows.

I. AZZURE JOINS IN THE TRUSTEE REPLY

Azzure respectfully joins in the Trustee’s Reply to the Opposition.

II. THE OPPOSITION DOES NOT CHALLENGE THE TRUSTEE’S PROPER EXERCISE OF THE A&C FACTORS AND THE COMPROMISE MOTION SHOULD BE APPROVED

OHP-CDR, LP AND Purchase Co 80, LLC (the “Objecting Parties”) are not objecting to the compromise. Nor do they challenge whether the Trustee satisfy the A&C standards. Rather, the objection is only limited to the timing of the payment to Azzure. Opposition, p. 1: 8-10; 3: 7-9.

Notwithstanding their stated limited objection, the Opposing Parties argue, with only summary statutory references, that a court may not approve a settlement under Fed. R. Bankr. P. 9019 (“Rule 9019”) to the extent that it establishes Azzure’s lien priority. That assertion is incorrect.

The fact that the compromise pre-dates a formal adversary proceeding is of no consequence. Compromises are favored in bankruptcy cases in order to minimize litigation and expedite the administration of a bankruptcy estate. *In re Martin*, 91 F.3d 389, 393 (3d Cir. 1996). While the proponent of the compromise carries the burden of proof, the bankruptcy court’s approval of a settlement is review extremely deferentially. *In re Liu*, 166 F.3d 1200 (2nd Cir. 1998); *In re Ashford Hotels, Ltd.*, 235 B.R. 734 (S.D.N.Y. 1999).

Rule 9019 is regularly used as a vehicle to resolve disputes like this one. See e.g. *In re Iridium Operating LLC*, 478 F.3d 452 (2nd Cir. 2007)(litigation involving the invalidation of liens of various lenders would be complex and protracted weighed in favor of approval under Rule 9019(a) whereby the lender’s purported liens would be conceded and the estate’s cash distributed to the lenders and to a litigation vehicle to fund litigation against estate’s parent

1 company); *In re Altman*, 302 B.R. 424 (Bankr. D. Conn. 2003)(disputed lien on painting
2 approved under Rule 9019); *In re World Health Alternatives, Inc.*, 344 B.R. 291 (Bankr. D. Del.
3 2006)(compromise approved between debtor, creditors' committee and pre-petition lender under
4 Rule 9019 over the objection of the UST); see also *In re A&C Properties*, 784 F.2d 1377 (9th Cir.
5 1986) (record supported finding under Rule 9019 to approve agreement between bankruptcy
6 trustee and debtor settling a disputed fraudulent transfer); *In re Retz*, 2008 WL 762186, (Bankr.
7 D. Mont. 2008)(court approve settlement pursuant to Rule 9019 to resolve dispute concerning
8 distribution of sale proceeds).

9 The test for the Court to approve a settlement agreement is set forth under Rule 9019. The
10 Trustee sets forth ample evidence to support each and every A&C factor, which is uncontested.
11 The Objecting Parties cannot simple pick out a portion of the settlement agreement without
12 further facts or law. The Compromise Motion should be approved.

13
14 Dated: September 6, 2023

BRYAN CAVE LEIGHTON PAISNER LLP

15
16 By: /s/ Sharon Z. Weiss

Sharon Z. Weiss

Attorneys for Secured Creditor Azzure Capital LLC
17
18
19
20
21
22
23
24
25
26
27
28

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
Bryan Cave Leighton Paisner LLP, 120 Broadway, Suite 300, Santa Monica, CA 90401-2386.

A true and correct copy of the foregoing document entitled: SECURED CREDITOR AZZURE CAPITAL LLC REPLY TO OHP-CDR, LP AND PURCHASE CO 80, LLC LIMITED OBJECTION TO MOTION TO APPROVE COMPROMISE BETWEEN TRUSTEE AND AZZURE CAPITAL, LLC will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On September 6, 2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Richard A Marshack (TR)
pkraus@marshackhays.com, rmarshack@iq7technology.com;ecf.alert+Marshack@titlexi.com

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On September 6, 2023, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

- PLEASE SEE ATTACHED SERVICE LIST

☒ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on , I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

September 6, 2023
Date

Raul Morales
Printed Name

/s/ Raul Morales
Signature

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):**

- **Eric Bensamochan**
eric@eblawfirm.us, G63723@notify.cincompass.com
- **Peter W Bowie**
peter.bowie@dinsmore.com, caron.burke@dinsmore.com
- **Ronald K Brown**
ron@rkbrownlaw.com
- **Christopher Celentino**
christopher.celentino@dinsmore.com, caron.burke@dinsmore.com
- **Michael F Chekian**
mike@cheklaw.com, chekianmr84018@notify.bestcase.com
- **Shawn M Christianson**
cmcintire@buchalter.com, schristianson@buchalter.com
- **Randall Baldwin Clark**
rbc@randallbclark.com
- **Leslie A Cohen**
leslie@lesliecohenlaw.com, jaime@lesliecohenlaw.com;clare@lesliecohenlaw.com
- **Aaron E. DE Leest**
adeleest@DanningGill.com, danninggill@gmail.com;adeleest@ecf.inforuptcy.com
- **Jenny L Doling**
jd@jdl.law, dolingjr92080@notify.bestcase.com;15994@notices.nextchapterbk.com;jdoling@jubileebk.net
- **Daniel A Edelman**
dedelman@edcombs.com, courtecl@edcombs.com
- **Christopher Ghio**
christopher.ghio@dinsmore.com, nicollette.murphy@dinsmore.com; karina.reyes@dinsmore.com;
deamira.romo@dinsmore.com
- **Eric D Goldberg**
eric.goldberg@dlapiper.com, eric-goldberg-1103@ecf.pacerpro.com
- **Jeffrey I Golden**
jgolden@go2.law, kadele@ecf.courtdrive.com; cbmeeker@gmail.com; lbracken@wgllp.com;
dfitzgerald@go2.law; golden.jeffreyi.b117954@notify.bestcase.com
- **Richard H Golubow**
rgolubow@wghlawyers.com, jmartinez@wghlawyers.com;svillegas@wghlawyers.com
- **David M Goodrich**
dgoodrich@go2.law, kadele@go2.law;dfitzgerald@go2.law;wgllp@ecf.courtdrive.com

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

- **D Edward Hays**
ehays@marshackhays.com, ehays@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com;
cmendoza@marshackhays.com; cmendoza@ecf.courtdrive.com
- **Alan Craig Hochheiser**
ahochheiser@mauricewutscher.com, arodriguez@mauricewutscher.com
- **Garrick A Hollander**
ghollander@wghlawyers.com, jmartinez@wghlawyers.com;svillegas@wghlawyers.com
- **Razmig Izakelian**
razmigizakelian@quinnemanuel.com
- **Joon M Khang**
joon@khanglaw.com
- **Ira David Kharasch**
ikharasch@pszjlaw.com
- **Meredith King**
mking@fsl.law, ssanchez@fsl.law;jwilson@fsl.law
- **Nicholas A Koffroth**
nkoffroth@foxrothschild.com, khoang@foxrothschild.com
- **David S Kupetz**
David.Kupetz@lockelord.com, mylene.ruiz@lockelord.com
- **Christopher J Langley**
chris@slclawoffice.com, omar@slclawoffice.com; langleycr75251@notify.bestcase.com; ecf123@casedriver.com
- **Daniel A Lev**
daniel.lev@gmlaw.com, cheryl.caldwell@gmlaw.com;dlev@ecf.courtdrive.com
- **Michael D Lieberman**
mlieberman@lipsonneilson.com
- **Yosina M Lissebeck**
yosina.lissebeck@dinsmore.com, caron.burke@dinsmore.com
- **Laila Masud**
lmasud@marshackhays.com, lmasud@ecf.courtdrive.com;kfrederick@ecf.courtdrive.com
- **Kenneth Miskin**
Kenneth.M.Miskin@usdoj.gov
- **Byron Z Moldo**
bmoldo@ecjlaw.com, amatsuoka@ecjlaw.com,dperez@ecjlaw.com
- **Alan I Nahmias**
anahmias@mbn.law, jdale@mbn.law
- **Victoria Newmark**
vnewmark@pszjlaw.com

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

- **Queenie K Ng**
queenie.k.ng@usdoj.gov
- **Keith C Owens**
kowens@foxrothschild.com, khoang@foxrothschild.com
- **Teri T Pham**
tpham@epglawyers.com, ttpassistent@epglawyers.com;dle@epglawyers.com
- **Douglas A Plazak**
dplazak@rhlaw.com
- **Daniel H Reiss**
dhr@lnbyg.com, dhr@ecf.inforuptcy.com
- **Ronald N Richards**
ron@ronaldrichards.com, 7206828420@filings.docketbird.com
- **Gregory M Salvato**
gsalvato@salvatoboufadel.com, calendar@salvatolawoffices.com; jboufadel@salvatoboufadel.com;
gsalvato@ecf.inforuptcy.com
- **Jonathan Serrano**
jonathan.serrano@dinsmore.com
- **Paul R Shankman**
PShankman@fortislaw.com, info@fortislaw.com
- **Zev Shechtman**
zs@DanningGill.com, danninggill@gmail.com; zshechtman@ecf.inforuptcy.com
- **Leslie Skorheim**
leslie.skorheim@usdoj.gov
- **Howard Steinberg**
steinbergh@gtlaw.com, pearsallt@gtlaw.com; howard-steinberg-6096@ecf.pacerpro.com
- **Andrew Still**
astill@swlaw.com, kcollins@swlaw.com
- **United States Trustee (SA)**
ustpregion16.sa.ecf@usdoj.gov
- **Johnny White**
JWhite@wrslawyers.com, jlee@wrslawyers.com

2. **SERVED BY UNITED STATES MAIL:**

Raul E De Quesada
7947 S.W. 104 St, Apt. C-101
Miami, FL 33156

Nancy B. Rapoport

University of Nevada, Las Vegas
4505 S. Maryland Parkway
Box 451003
Las Vegas, NV 89154

Judith Skiba

PO Box 1016
Pascagoula, MS 39568

Jason Patterson Stopnitzky

52 Cupertino Circle
Aliso Viejo, CA 92656

Lucy L. Thomson

1455 Pennsylvania Avenue, N.W.
Suite 400
Washington, DC 20004